

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 OMB-01 EB-11 TRSE-00 SCEM-02

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INFO CINCPAC HONOLULU HI

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CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: PINT, JA

SUBJ: FIRST WEEK OF DEBATE IN 72D REGULAR DIET

REF: A. TOKYO 15592

B. TOKYO 15634

SUMMARY: 72D REGULAR DIET SESSION BEGAN WITH OPPOSITION SEEKING WEAK SPOT IN THIRD ALL-FACTION CABINET REORGANIZED BY PRIMIN TANAKA, SPECIFICALLY ECONOMIC POLICY DIFFERENCES BETWEEN HIM AND FINMIN FUKUDA. IN CONTRAST TO LATTER, WHO RECOGNIZES INFLATIONARY CONSEQUENCES OF PAST POLICIES, PRIMIN TWISTED AND TURNED IN DEFENSE OF OWN VIEWS, INCLUDING ABSOLUTE NECESSITY FOR PLAN TO REMODEL JAPAN. AT WEEK'S END, PRIMIN REVEALED THAT HE RELUCTANT TO ADMIT EXISTENCE OF QTE INFLATION UNQTE LEST THIS COMMIT HIM TO INSTITUTING INCOMES POLICY, FOR WHICH HE SAID NATIONAL CONSENSUS LACKING. END SUMMARY.

1. 72D REGULAR DIET BEGAN SUBSTANTIVE WORK WITH REPRESENTATIVE QUESTION SESSIONS IN LOWER HOUSE PLENARY DECEMBER 3-4 AND
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UPPER HOUSE PLENARY DECEMBER 4-5. OPPOSITION SPOKESMEN LABORED TO DEVELOP SUPPOSED ECONOMIC POLICY DIFFERENCES BETWEEN PRIMIN KAKUEI TANAKA AND FINMIN TAKEO FUKUDA. OUTLINES OF WHICH FAINTLY COLORED POLICY SPEECHES THEY DELIVERED TO OPENING

SESSION OF DIET DECEMBER 1 (REFTEL A). DESPITE FLAT DENIAL BY FUKUDA THAT SUCH DIFFERENCES EXIST, PRIMIN NEVERTHELESS ASSIDUOUSLY AVOIDED MAKING ANY STATEMENT WHICH COULD BE INTERPRETED AS ACCEPTING EVEN PARTIAL RESPONSIBILITY FOR HELPING BRING ON PRESENT INFLATION BY CONTINUING HIGH GROWTH RATE POLICIES OF PREDECESSORS. PRIMIN ALSO DEFENDED PLAN TO REMODEL JAPAN AGAINST CHARGES THAT IT WORSENEDED INFLATION, STATING QTE ABSOLUTE NECESSITY UNQTE FOR PASSAGE OF COMPREHENSIVE LAND DEVELOPMENT BILL INTRODUCED TO PREVIOUS SESSION TO ACCOMPLISH HIS CHERISHED DREAM. IN FACE OF SHARP FOCUS ON ECONOMIC ISSUES OF REPRESENTATIVE QUESTIONS IN BOTH HOUSES, PRIMIN LEFT IMPRESSION THAT HE IS NOT PREPARED TO MOVE MUCH BEYOND LINE OUTLINED IN HIS POLICY SPEECH.

2. MEDIA COMMENTED THAT PLENARY SESSION EXCHANGES FELL SHORT OF ILLUMINATING POLICIES WITH WHICH GOJ PLANS TO RESOLVE SERIOUS ECONOMIC CRISIS CONFRONTING NATION, NOW THAT INFLATIONARY SPIRAL BEING COMPOUNDED BY GROWING OIL SHORTAGES. SOME COMMENTATORS SECOND-GUESSED GOJ DIET MANAGEMENT BY ASKING OPENLY WHY COMMITTEES COULD NOT HOLD SIMULTANEOUS SESSIONS ON ESSENTIAL BILLS TO STABILIZE PRICES AND PEOPLES' LIVELIHOOD AND ADJUST OIL SUPPLY AND PRICES, RATHER THAN ACCORD PASSAGE OF SUPPLEMENTARY BUDGET EXCLUSIVE FIRST PRIORITY.

3. DEBATE SHIFTED TO LOWER HOUSE BUDGET COMMITTEE THURSDAY, WITH OPPOSITION SPOKESMEN SEEKING TO EXPLOIT APPARENT DIFFERENCE BETWEEN PRIMIN TANAKA AND FINMIN FUKUDA AS PART OF PROCESS OF EXPOSING INABILITY OF TANAKA GOVT TO DEAL WITH PRESSING ECONOMIC PROBLEMS. HI*OKICHI TSUJIHARA (JSP) TOUCHED OFF HEATED EXCHANGE BY ASKING PRIMIN TANAKA TO STATE WHETHER JAPAN CURRENTLY SUFFERING INFLATION. AGREEING THAT TSUJIHARA ENTITLED TO OWN VIEWS, PRIMIN AVOIDED DIRECT REPLY, STATING INSTEAD THAT IT MORE IMPORTANT TO AGREE THAT PRESENT PRICE SPIRAL HAS REACHED SERIOUS STAGE RATHER THAN ARGUE WHETHER THIS CONSTITUTES INFLATION. IN RESPONSE TO DIRECT QUESTION BY TSUJIHARA, FINMIN FUKUDA EXPLAINED THAT PRIMIN CAUTION PROBABLY REFLECTS EXISTENCE OF BROAD RANGE OF DEFINELIMITED OFFICIAL USE

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TION*OF INFLATION, BUT THAT HE HIMSELF DOES NOT OBJECT TO CALL*NG PRESENT SITUATION INFLATION. PRESSED BY TSUJIHARA TO PRESENT UNIFIED GOJ VIE* ON INFLATION TO CLARIFY APPARENT DISCREPANCY IN VIEWS BETWEEN HIMSELF AND FUKUDA, PRIMIN TANAKA NOTED THAT JAPANESE LANGUAGE ITSELF LACK NATIVE WORK FOR INFLATION, AND PRESSED ARGUMENT THAT IT MORE IMPORTANT TO TAKE POLICY MEASURES TO PREVENT CONTINUING PRICE INCREASES RATHER THAN RESPOND TO UNREASONABLE DEMAND FOR GOJ DEFINITION OF INFLATION. CHAIRMAN SEIJURO ARAFUNE (LDP) REQUESTED THAT GOJ SUBMIT UNIFIED VIEW AS REQUESTED FOLLOWING DAY.

4. PRIMIN TANAKA CONTINUED TO EVADE DIRECT RESPONSE TO

QUESTION IN PRESENTING UNIFIED VIEW IN SAME COMMITTEE FRIDAY, WHICH MAINICHI SHIMBUN OPENLY CRITIZED AS QTE INSIPID UNQTE. PRIMIN LIMITED HIMSELF TO STATEMENT THAT GOJ RECOGNIZES THAT RECENT SUBSTANTIAL RISE IN WHOLESALE AND RETAIL PRICES ARE ALARMING AND THAT GOJ SHOULD MAKE UTMOST EFFORT TO HALT CONTINUING INCREASE. IN REBUTTAL, TSUJIHARA READ JSP DEFINITION OF INFLATION, WHICH DEFINED INTER ALIA AS SITUATION IN WHICH WHOLESALE AND CONSUMER PRICE INCREASES EXCEED ANNUAL INTEREST ON BAK DEPOSITS, AND CHARGED GOJ WITH REFUSAL TO ADMIT THAT OWN POLICIES HAVG CAUSED PRESENT SERIOUS SITUATION.

5. IN SAME SESSION PRIMIN PRESENTED FURTHER EVIDENCE THAT HE HAS NOT WHOLLY ABANDONED PLAN TO REMODEL JAPAN BY DEFENDING NEED TO PLAN FOR OVERALL LAND DEVELOPMENT TO MEET NEEDS OF ESTIMATED POPULATION OF 120 MILLION IN 1985. HE WAS RESPONDING TO CHARGE BY ZEMMEI MATSUMOTO (JCP) THAT PLAN TO REMODEL JAPAN WOULD NECESSITATE HUGE CONSUMPTION OF RESOURCES WHICH WOULD ONLY SPUR FURTHER INFLATION. PRIMIN SOUNDED EMOTIONAL NOTE BY CITING NEED TO DISPERSE PEOPLE AND INDUSTRY TO NEW CENTERS TO PREVENT DISASTER WHICH MIGHT OCCUR SHOULD MAJOR EARTHQUAKE HIT OVER-CROWDED CENTERS LIKE TOKYO.

6. PRESSED BY YOSHINORI YASUI (JSP) IN SAME SESSION FRIDAY TO EXPLAIN RELUCTANCE TO FRANKLY ADMIT THAT THERE IS AN INFLATION, PRIMIN TANAKA EXPLAINED THAT HE WOULD BE FORCED TO INTRODUCE INCOMES POLICY IF HE RECOGNIZES PRESENT SITUATION AS INFLATION. MANY COMMENTATORS AS WELL AS POLITICIANS POINTEDLY NOTED THAT OTHER ADVANCED NATIONS HAVE RESORTED TO INCOMES POLICY AS MEANS OF COMBATTING INFLATION, AND HAVE QUESTIONED LIMITED OFFICIAL USE

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ABSENCE OF SUCH PROGRAM IN JAPAN.

7. IN SAME COMMITTEE FOLLOWING DAY TAKEO TANAKA (JSP) CRITICIZED PRIMIN TALENT FOR TAKING PEOPLE BY SURPRISE, AND HE DID AGAIN WITH REFERENCE TO INCOMES POLICY AND ASKED WHETHER STATEMENT REPRESENTED GOJ TRIAL BALLOON. PRIMIN DENIED THAT HE HAS ANY INTENTION OF PLACING CONTROLS ON WAGES, CORPORATE EARNINGS, RENTS, INTEREST AND OTHER FORMS OF INCOME, SINCE THERE IS NOT NATIONAL CONSENSUS TO SUPPORT SUCH *OLI*Y.

8. MEANTIME, GOJ PRESENTED TWO BILLS TO DIET FRIDAY, ONE DESIGNED TO STABILIZE COMMODITY PRICES AND PROTECT THE *PEOPLES' LIVELIHOOD, AND THE OTHER AN EMERGENCY BILL TO ADJUST OIL SUPPLIES AND PRICES (REFTEL B).

COMMENT: SOME OPPOSITION MEMBERS HAVE HINTED TO EMBOFF THAT PRIMIN TANAKA COULD SPARE HIMSELF CONSIDERABLE AD HOMINEM DEBATE BY MAKING APPROPRIATE STATEMENT OF APOLOGY FOR OWN ROLE IN HELPING BRING ON PRESENT ECONOMIC CRISIS. IN REFUSING TO DO SO PRIMIN EXPOSES HIMSELF TO MORE BITING CRITICISM,

AS WELL AS POLITICAL RISK OF PROVING THAT DIFFERENCES BETWEEN HIMSELF AND FUKU*A ARE QUITE REAL. OPPOSITION MEMBERS ALSO APPARENTLY WISH TO GOAD PRIMIN, KNOWN FOR HIS SHORT-FUSE, INTO MAKING PUBLICLY SAME KIND OF INTEMPERATE REMARKS HE REPORTED TO HAVE MADE IN RECENT CLOSED-DOOR SHOUTING MATCH WITH SEIRANKAI LEADERS, IN HOPE THAT PUBLIC SPECTACLE WOULD LOOSEN HIS GRIP ON LDP AT SAME TIME IT MIGHT FURTHER ERODE HIS ALREADY SMALL PUBLIC SUPPORT. OPPOSTION, IN TURN, MUST TAKE CARE TO PRESENT CREDIBLE ALTERNATIVES TO GOJ PROPOSALS, LEST THEY LOSE SUPPORT OF PUBLIC FOR FOLLOWING POLICY OF OPPOSTION FOR OPPOSITION SAKE IN FACE OF MOUNTING ECONOMIC/ DIFFICULTIES WHICH BESET NATION. FIRST WEEK OF DIET, IN ONE SENSE, HAS SERVED TO SET STAGE FOR POLITICAL SCENARIO TO BE EXTEMPORIZED BY PLAYERS IN MEETING NEW CONDITION LARGELY BEYOND JAPAN'S CONTROL. END COMMENT.

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